

State of Arizona
House of Representatives
Forty-eighth Legislature
Second Regular Session
2008

HOUSE BILL 2507

AN ACT

AMENDING SECTION 35-311, ARIZONA REVISED STATUTES; AMENDING TITLE 35, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 35-314.03; RELATING TO STATE MANAGEMENT OF PUBLIC MONIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 35-311, Arizona Revised Statutes, is amended to
3 read:

4 35-311. State board of investment: membership: powers and
5 duties

6 A. A state board of investment is established consisting of the state
7 treasurer, the director of the department of administration, the
8 superintendent of financial institutions and two individuals appointed by the
9 state treasurer, one of whom shall have verifiable expertise in investment
10 management and one of whom shall represent a public entity with current
11 deposits in a local government investment pool. The state treasurer shall be
12 chairman of the board. The board shall keep an accurate record of its
13 proceedings. A certified copy of the record is prima facie evidence of the
14 matters appearing in the record in any court. A meeting of the board may be
15 called at any time by the chairman or a majority of the board members.

16 B. The state board of investment shall:

- 17 1. Hold regular monthly meetings.
- 18 2. Review investments of treasury monies.

19 3. Serve as trustees of the permanent state land funds and provide
20 management of the assets of the funds consistent with the requirements of
21 article X, section 7, Constitution of Arizona.

22 **4. SERVE AS TRUSTEES OF ANY ENDOWMENTS ESTABLISHED PURSUANT TO SECTION**
23 **35-314.03.**

24 C. The state treasurer shall furnish to the board of investment at its
25 regular monthly meeting a report of the performance of current investments
26 and a report of the current investments as of the close of business of the
27 preceding month. The state treasurer shall make these reports available for
28 inspection by the public during normal working hours at the office of the
29 state treasurer for a period of time of not less than two years after the
30 date of the report.

31 D. The board of investment may order the state treasurer to sell any
32 of the securities, and any order shall specifically describe the securities
33 and fix the time period during which they are to be sold. Securities so
34 ordered to be sold shall be sold for cash by the state treasurer at the
35 current market price. The state treasurer and the members of the board are
36 not accountable for any loss occasioned by sales of securities at prices
37 lower than their book value. Any loss shall be charged against earnings
38 received from interest or capital gains on the applicable treasury monies.

39 E. The board may establish standards in addition to those established
40 by section 35-317, subsection A for the qualification of agents acting
41 pursuant to section 35-317, subsection B.

1 Sec. 2. Title 35, chapter 2, article 2, Arizona Revised Statutes, is
2 amended by adding section 35-314.03, to read:

3 35-314.03. Political subdivision endowment funds: state
4 investment authority

5 A. IN ADDITION TO THE INVESTMENT AUTHORITY IN SECTION 35-313, THE
6 STATE TREASURER MAY INVEST AND REINVEST TRUST MONIES OF THIS STATE, STATE
7 AGENCIES, POLITICAL SUBDIVISIONS AND TRIBAL NATIONS IN EQUITY SECURITIES
8 PURSUANT TO SECTION 35-314 FOR LONG-TERM ENDOWMENT FUNDS.

9 B. MONIES SHALL NOT BE TAKEN FROM ONE ENDOWMENT FUND FOR DEPOSIT IN
10 ANY OTHER ENDOWMENT FUND.

11 C. ALL MONIES IN THESE ENDOWMENT FUNDS SHALL BE INVESTED IN SAFE
12 INTEREST-BEARING SECURITIES AND PRUDENT EQUITY SECURITIES CONSISTENT WITH THE
13 REQUIREMENTS OF SECTION 35-314.

14 D. THE EARNINGS, INTEREST, DIVIDENDS AND REALIZED CAPITAL GAINS AND
15 LOSSES FROM INVESTMENT OF EACH ENDOWMENT FUND SHALL BE CREDITED TO THAT FUND.

16 E. THE GOVERNING BODY OF ANY POLITICAL SUBDIVISION, PUBLIC TRUST OR
17 PUBLIC ENTITY, INCLUDING TRIBAL NATIONS, BY THE ADOPTION OF A RESOLUTION OF
18 CONTINUING EFFECT, MAY AUTHORIZE AND REQUEST THE STATE TREASURER TO INVEST
19 TRUST MONIES INTO A LONG-TERM ENDOWMENT AND SET FORTH THE TERMS OF THE
20 DISTRIBUTIONS FROM SUCH ENDOWMENT FOR THE GOVERNING BODY PURSUANT TO THIS
21 SECTION.